



*The President's Daily Brief*

*21 October 1972*

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~~*Top Secret*~~

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*FOR THE PRESIDENT ONLY*

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

The North Koreans have been treating Seoul's declaration of martial law cautiously, and are prepared to continue the dialogue with the South. Within South Korea, virtually no resistance to the decree has been reported. *(Page 1)*

Some members of the Brandt government evidently are considering a limited inter-German treaty which would leave major issues unresolved. *(Page 2)*



25X1

Tokyo's newly announced trade and foreign investment program is not likely to remove pressures for another revaluation of the yen. *(Page 4)*

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KOREA

The North Koreans have been treating Seoul's declaration of martial law with circumspection, in sharp contrast to their propaganda immediately following Seoul's declaration of "national emergency" last December. They have avoided invective and made no direct reference to President Pak Chong-hui. A North Korean article published just after Seoul's announcement on Tuesday confirmed Pyongyang's willingness to go ahead with the dialogue with the South. The Red Cross delegations will meet in Pyongyang on 24 October as previously scheduled, according to a joint announcement, and the co-chairmen of the higher level coordinating committee will meet in Pyongyang on 2 November and in Seoul on 30 November.

*Pyongyang may feel that this approach will enhance its position in the talks by pointing up its adherence to the portion of the joint communiqué of 4 July calling for an end to harsh propaganda.*

*Pyongyang may have had some advance warning of Seoul's action.*

*South Korean Red Cross official was instructed to provide his North Korean counterpart with prior notification along with assurances that the talks would not be affected. Such an action would explain the South Koreans' confidence that their decree would not disrupt the talks.*

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Within South Korea, virtually no resistance to the new decree has been reported. The regime has begun to ease restrictions on public assembly and the functioning of universities.

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the presence of military equipment and armed personnel in the capital and major cities is being kept to a minimum. The political opposition and the press remain under tight restrictions, but no arrests have been reported.

*The government is feeling its way gingerly and will maintain tight security until the process of amending the constitution is completed toward the end of the year. The amendments--designed to perpetuate Pak's rule--will be announced on 27 October and Seoul has already begun to leak the details, presumably to cushion their impact.*

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WEST GERMANY - EAST GERMANY

*With the Bahr-Kohl negotiations on a general inter-German political treaty still stalemated, at least some members of the Brandt government evidently are considering a more limited treaty, leaving some major issues unresolved.*

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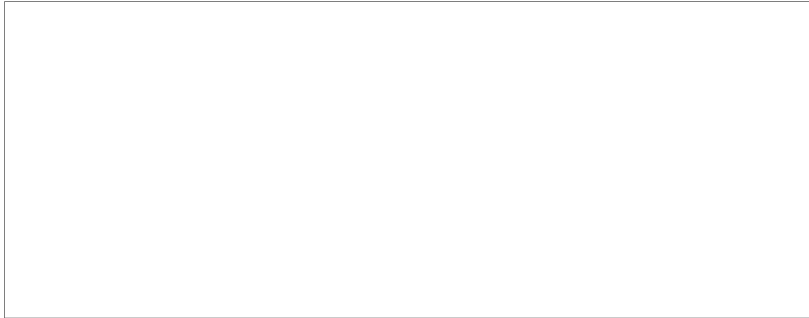
Early this week West German State Secretary Frank discussed with Allied ambassadors the possibility of an agreement that would be limited to practical improvements in inter-German relations such as aligning judicial processes and increasing trade. He suggested that Bonn would signify that such a treaty warrants its approval of East Germany's entry to the UN. Another member of the Foreign Office, while downplaying Frank's remarks, admitted that the idea of a limited treaty had been discussed.

*With West German elections now less than a month away, the issue is a source of sharp contention within Chancellor Brandt's coalition. Many Social Democratic Party leaders would be tempted by the idea of a "non-political" treaty which could be billed as another success in Brandt's foreign policy. The more cautious Free Democrats, on the other hand, might not go along; Interior Minister Genscher told Ambassador Hillenbrand on Wednesday that he tended to prefer no treaty at all before the elections.*

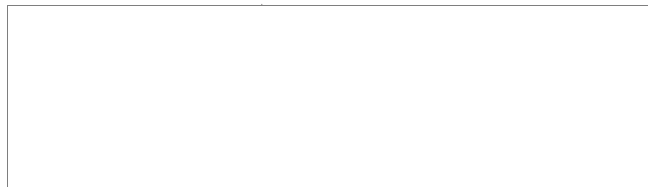
*A limited treaty followed by admission of both Germanies to the UN would deprive Bonn of most of its leverage in seeking Pankow's acceptance of the concepts of a single German nation and no final peace treaty. Pankow would still seek an exchange of ambassadors with Bonn, however.*

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USSR - NORTH VIETNAM



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JAPAN

The government has finally announced its new program to reduce international pressure for revaluation of the yen. It calls for easing certain import quotas and tariffs, and simplification of import procedures. It also cuts restrictions on foreign investment in Japan and makes it easier for Japanese to invest abroad. In addition, limits will be set for the export of certain items.

*These limited measures are not likely to remove pressures on Japan for revaluation. Even if much stronger measures were taken, it would be years before the Japanese could pare down their enormous trade surplus to levels acceptable to Japan's trade partners.*

In fact, the program has been publicly described by officials of the Ministry of Finance as a "token step."



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NOTES

Chile: New strikes yesterday prolonged the standoff between the Allende government and its opponents. Armed leftist groups appear to be getting increasingly impatient to take on their adversaries in the streets, but the military's broad role limits that possibility. The government's tactic of playing for time while taking selected economic reprisals and further extending the responsibilities of the armed services is still working to President Allende's advantage. A joint statement by the opposition parties assailing his actions suggests that their next tactic may be to initiate formal charges in Congress that he is violating the constitution. A ruling by the comptroller-general that an order for government control of all radiobroadcasting had been unconstitutional will support such an approach.

India-Pakistan: Technical agreement apparently has been reached on a slight modification of the 1949 cease-fire line in Kashmir, and the two governments are expected to announce their approval in a few days. Once troop positions are adjusted in Kashmir, military forces of both sides are to be withdrawn from territory farther south seized during the war last December. Completion of this withdrawal would remove the major obstacle to a second meeting between President Bhutto and Prime Minister Gandhi to negotiate on the two outstanding problems: Pakistan's nonrecognition of Bangladesh and India's retention of 91,000 Pakistani prisoners.



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